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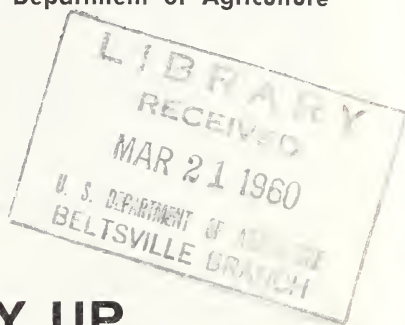
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CATTLE, SHEEP, AND HOG INVENTORY UP

Cattle numbers totaled 101.5 million head on January 1—the first time in the 93 years of record that January numbers exceeded 100 million head. Total cattle numbers were up 5 percent from a year earlier, hog numbers 3 percent, and sheep numbers 2 percent. Chickens and turkey numbers each declined 4 percent, and horse and mule numbers were down 2 percent from a year earlier.

The composite index of all livestock and poultry numbers—which combines species on the basis of economic importance—rose 4 points to 116 percent (1947-49=100). This was second only to the all-time peak of 120 percent set January 1, 1944.

On a per head basis, most livestock and poultry values declined during the past year. As a result, despite the increase in the total number of head, the value of the livestock and poultry inventory declined 10 percent, from \$18.1 billion on January 1, 1959 down to \$16.2 billion. Horses and mules and turkeys were the only species that increased in average value per head.

The total supply of feed grains, and other concentrates available for the 1959-60 feeding season was at a record level, 7 percent above a year earlier and more than a third above the 1953-57 average. Hay production during 1959 was 7 percent smaller than in 1958, but it was 5 percent above the



1949-58 average. The record number of roughage-consuming animals and the continued liberal feeding resulted in heavier than usual disappearance during 1959. Hay stocks on January 1, 1960 were 12 percent below a year earlier, but 9 percent above average.

Cattle

Most of the increase in cattle numbers during 1959 was in beef cattle, although the number of milk cattle showed a small gain for the first time in 6 years. Milk cow numbers declined 1 percent, but heifers and heifer calves, less than 2 years old being kept for milk, increased 4 percent. The number of young milk stock on hand was a record in relation to the number of milk cows.

The total number of beef cattle on farms and ranches this January—that is, all cattle except cows, heifers, and heifer calves kept for milk—was up 7 percent. Cows 2 years old and older were up 7 percent, yearling heifers up 9 percent, steers over 1 year old up 8 percent, calves up 7 percent, and bulls up 6 percent.

The gain of 1¾ million beef cows was the largest numerical increase for any class and sets a new high for beef cows. However, total cow numbers including milk cows, are still below the number on hand on January 1, 1954, 1955, and 1956.

The fattening of cattle on grain and other concentrate feed for market continued to increase in importance during 1959. On January 1, the number on feed in 26 leading States, for which comparable data are available, was up 9 percent from a year earlier, and the largest number of record. The 7.2 million head on feed in these States compares with 4.4 million 10 years earlier, 3.6 million head 20 years earlier, and 3.1 million head on January 1, 1930.

Cattle numbers increased in all sections of the country. In only five States—Maine, Vermont, Massachusetts, Rhode Island and Delaware—were numbers the same or less than a year earlier. The increases by regions ranged from a 3 percent increase in the North Atlantic and East North Central Regions, to 7 percent in the South Central. Cattle numbers were at record high levels in 19 States.

Decreases in milk cattle in 1959 occurred in the East and West North Central Regions. The largest gain, in milk cattle, both in numbers and percent, was in the West. Beef cattle numbers increased most in the South Central States—1.6 million head—and the rate of gain was second only to the 15 percent increase in the North Atlantic States.

The 2-year upswing in the cattle cycle raised the total number of cattle and calves on hand 9 percent. This gain is not unusually large, but has featured a rapid buildup in young stock. Thus, while every cyclical expansion brings a time of increased slaughter, the period of greatest increase in slaughter is yet some time in the future.

The makeup of the inventory indicates that—barring drouth or other conditions that would bring on heavy marketings—a modest increase in cattle slaughter during 1960 is the most likely outlook, with much of the gain in fed cattle. Under such conditions the price outlook for cattle is fairly optimistic. However, cattle prices seem unlikely to reach year-earlier levels for any extended time during 1960.

One factor affecting the future is the disposition of young stock on hand. The 9 percent gain in beef heifers, for example, provides the potential for more beef cows in another year. A

(Continued on page 14)

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AVOCADOS—A GROWING INDUSTRY

Let's take a look at one of the "different" fruits for which the Crop Reporting Service makes estimates. The avocado can be considered "different" since many people are not familiar with it. The avocado is centuries old, being native to Mexico, Central America, and South America. The first recorded importation of avocados into Florida was made in 1833 with the trees coming from Mexico. Introductions of the fruit to California were made in 1856 from Nicaragua, with later ones coming from Mexico.

Over the years the avocado has been known by approximately 40 different names, such as butter pear, custard apple, and laurel peach.

The avocado is a member of the laurel family which includes camphor, sassafras, and cinnamon. The tree is a large attractive evergreen which may be 50 or 60 feet tall, although budded or grafted trees do not grow so tall. Because of susceptibility to frosts, production is confined to southern California and southern Florida.

The bloom is somewhat unusual. The flowers open twice—first as a female flower, and the second time as a male flower. The cycle takes about 36 hours. In California and Florida, avocados bloom in the winter and early spring. The fruit requires from 9 to 18 months to mature, depending to a great extent upon variety. In California the bulk of the crop comes on between November of the year of bloom and the following mid-May, with Fuerte being the important variety. The California summer varieties such as Anaheim, Hass, and Nabal do not mature during the year of bloom but are picked the following June, July, August, and September. In Florida the bulk of the harvest occurs in October and November of the year of bloom with lighter picking continuing for an additional 3 or 4 months.

The fruit may have an oval, "bottle-necked," or round shape, and vary in color—green, maroon, brown, or purplish black. The fleshy part under the skin and surrounding the seed is the edible portion, and has a high oil content. It is used primarily in salads.

The avocado industry grew slowly at first. In 1929 there were only 820 tons produced in the United States. Just 9 years later production had jumped to 17,000 tons. With additional growth of the industry, production reached a record 61,100 tons from the bloom of 1957. That crop was valued at \$10½ million to the grower. Based on the December 1959 estimate it appears that the crop now being harvested from the bloom of 1959 will set a new record of 73,300 tons. Harvest of the Fuerte variety is underway, but the summer varieties will not be ready for another 3 or 4 months.

Production fluctuates rather sharply from year to year as the result of weather conditions. During the 1954–55 crop season California's output of avocados totaled 45,200 tons, but the following year it dropped to 20,000 tons, and on down to 15,800 tons the next year. However, in the 1957–58 season production was up to 46,300 tons. In Florida production had been fluctuating somewhere between 10,600 tons in 1953 and 14,800 tons in 1957, but in 1958 it plunged to 4,100 tons because of freeze damage. In 1959 production rose to 8,300 tons.

Although weather will continue to cause fluctuations, there has been no reversal in the upward trend of production. It appears that more and more people will come to know the avocado.

Earl L. Park
Agricultural Estimates Division, AMS



USDA ACREAGE GUIDES HELP VEGETABLE PRODUCERS

To help commercial vegetable growers tailor their crops to fit the market, USDA has just put out its Acreage-Marketing Guides for summer and fall vegetables, melons, and potatoes. These guides recommend planted acreages that should provide enough of each crop to satisfy consumers' needs. But not so much that prices are depressed and vegetables go to waste. Compliance with the planting guides is voluntary.

The men who draw up the guides make a careful study of market conditions—and then make their recommendations. For instance, last summer the market was overloaded with the hardy vegetables—especially beets, carrots, celery, and onions. This year, cuts are recommended for early summer carrots (5 percent) and onions (varying by States). Normal yields will probably bring beet and celery production back into line without acreage cuts.

There was also too much lettuce last summer—as there has been for several seasons. State marketing orders in California and Colorado helped keep prices fairly high, but the economists figure that growers should plant about 10 percent less acreage in California and Colorado, and 5 percent less in other States.

Watermelons

Watermelon growers planted a lot smaller acreage last year, after a bad season in 1958. Next season, early watermelon acreage should be increased a little—3 percent.

Bad weather was the main influence on the whole fall fresh vegetable picture last year. It was hot and humid in the East and Midwest, it rained and then froze in Florida, and it just plain rained in California.

This fall, some adjustments should be made, assuming that the weather will be more normal. Acreage cuts are recommended for late cucumbers (20 percent), green peppers (10 percent), cauliflower (5 percent), and late lettuce

(5 percent). Small increases are suggested for cabbage, early carrots, sweet corn, and early lettuce.

Processing vegetables have run into a lot of trouble in recent years because of high yields per acre. Record yields have counteracted reductions in contracted acreage, and many of these vegetables are in chronic oversupply. This season's planting guides reflect the oversupply problem—cuts of 5 to 10 percent are suggested for snap beans, sweet corn, green peas, and spinach. No increases should be planned for tomatoes, pickling cucumbers, or beets. Increases are recommended only for lima beans for freezing, and cabbage for kraut.

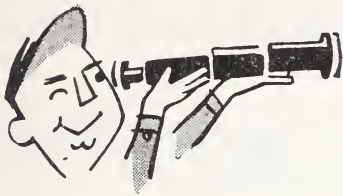
Potatoes

The experts are calling for a small reduction in this year's potato crop, which may seem strange at first because the 1958 crop went to market at good prices with no real problems. That crop got all the breaks, though, according to the economists.

There was almost perfect timing of the harvests, with practically no overlap in seasonal supplies. Then, whenever heavy supplies threatened to overload the market, rains held up the harvest in key areas, and prices firmed up. Finally, Canada's competing crop was small. We can't count on that kind of luck every year, so the economists are recommending a 2 percent cut in production—which means cutting acreage 5 percent.

Details on planting recommendations, by crop and production area, are included in the Acreage-Marketing Guides for 1960, for summer and fall vegetables, summer melons and sweet-potatoes; for vegetables for commercial processing; and for summer and fall potatoes.

If you want copies of any of these guides see your county agent or write us for a free copy: Our address: Agricultural Situation, Marketing Information Division, Ams, USDA, Washington 25, D.C.



OUTLOOK

The Crop Reporting Board's annual inventory showed greater numbers of all classes of meat animals on January 1 than a year earlier. (See the story on p. 1).



Cattle

Slaughter of cattle has crept above a year earlier * * * probably will continue higher through 1960. A sharp increase is unlikely, as buildups in herds will continue this year. Marketings of fed cattle will be liberal the next few months since 9 percent more cattle were on feed January 1 than a year earlier. But prices for the next few months are likely to hold close to current levels.

Sheep

Seven percent fewer sheep and lambs were on feed for market January 1 than a year earlier. Prices of fed animals probably will increase seasonally this winter and remain above a year earlier.



Hogs

The reduction in the 1960 spring pig crop will cut marketings later in the year. Farmers reported in early December that they planned to have 12 percent fewer sows farrow spring pigs than last year. Most of the spring pigs will be sold in the last half of this year, and prices then are likely to run above 1959 levels.

Soybeans

Prospects are that soybean prices probably will continue firm through this spring as crusher and export demand remain strong. Last year prices trended upward to a seasonal peak in May. The relative stability in soybean prices this year reflects the orderly movement of the 1959 soybean crop, and the fairly close balance between supply and demand.



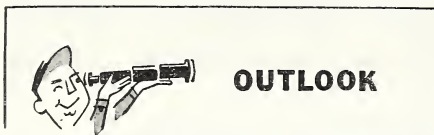
Feed

The total number of grain consuming animal units on farms in the 1959-60 feeding year is about same as in 1958-59. Livestock are being fed liberally and disappearance of feed grains and other concentrates per animal in October-December 1959, was a little above the high rate of the last quarter of 1958. Feed grain prices are a little lower than a year earlier and probably will continue so through the first half of this year.

An increase in feed grain carryover is likely despite heavy feeding expected this year. Stocks next October 1 probably will total around 80 million tons, a fifth larger than last October 1.

Farm Income

Estimate of per capita income of farm people in 1959 is \$960, down 8 percent from 1958, but higher than in any other year since 1952. This figure includes income from both farm and non-farm sources, and is the average of part-time farmers as well as full-time farmers.



Continued

Income of farmers from nonfarm sources last year was up about 6 percent, reflecting the general economic recovery. Net income realized by farm operators was down from 13.1 billion in 1958 to \$11 billion in 1959, and about the same as the 1957 figure. Cash receipts from farm marketings fell 2 percent from 1958 as a 4 percent reduction in average prices received more than offset a 2 percent increase in the volume of marketings. Also, government payments to farmers were off a third, mostly because of the termination of the acreage reserve program of the Soil Bank. On the other hand, production expenses rose 3 percent to a new record.



Broilers

Broiler growers placed more chicks in January, and probably February, than last year. This indicates a moderate increase in marketings beginning about mid-March. Broiler output can be raised or lowered quickly in response to price changes, but the year's total probably will be up some from 1959.

Eggs

Farmers will raise fewer egg-type chickens this year than last, if they carry out plans reported in early February. The intended cut of 9 percent would result in a record low number of chickens raised. The laying flock is now smaller than a year earlier and is likely to continue so through 1960. This year's egg production also is likely to be down, though less than the number of layers because of the increased productivity per hen. The situation points to improved egg prices over last year's low levels.

Potatoes

Supplies of potatoes available into early spring will be substantially smaller than the large supplies of a year earlier.



Dairy

The number of milk cows aged 2 years or more continued to decline in 1959, reaching the lowest level since 1917. But the decline from 1958 amounted to less than 1 percent, considerably less than in other recent years. Also, the number of dairy replacement stock was a record in relation to the number of cows.

With milk production per cow likely to continue its uptrend, an increase in milk production could occur this year following two years of smaller output. Support prices will be the same as in last 2 years.

Vegetables

Production of vegetables for fresh market this winter is expected to be a little larger than last winter or the 1949-58 average. Although most tender crops, grown largely in Florida, were hard hit by freezes in late January, hardy crops both in Florida and other areas are in generally good condition.



Turkeys

A record turkey crop will be produced this year if farmers' carry out their early January plans for a 6 percent increase. The intended increase over last year's big crop results largely from a sharp rise in turkey prices in late 1959. Until summer, turkey prices are likely to hold near current levels because of smaller storage holdings than a year ago and seasonally reduced marketings of live birds.

MARKET NEWS HELPS STOCKMEN CHOOSE TIME AND PLACE TO MARKET

Livestock producers are winning the battle of efficient production, but marketing is still a problem for many of them. New developments in animal breeding and nutrition have eliminated many of the livestock grower's former production problems. Marketing problems, however, have become more complex.

For years, the principal livestock market outlets were the big terminal markets or local buyers who bought small lots and assembled shipments for the terminals.

The livestock producer frequently accompanied his livestock to the public stockyards and watched trading as it progressed.

Today when his stock is ready for market he is faced with the problem of where, as well as when, to market. To make a wise decision he needs to know about livestock supplies, movement, and prices, not only at terminal markets, but at nearby auction markets. He should know the prices paid by local packers or by buyers at farms or at feedlots or other buying stations in his area.

Information about market conditions at most livestock buying and trading centers is available by radio, television, telephone, newspapers, and mail—through the facilities of either the USDA or Federal-State Market News Services.

For more than 40 years USDA has been gathering and distributing market information at the principal terminal markets, and since the early 1930's in direct buying areas. In more recent years, through the cooperation of State departments of agriculture, auction and other local markets are being given greater coverage.

In doing the best job of marketing producers gather and compare information on the market outlets available to them and then make a decision as to where to sell or ship. This requires close attention to prices at various marketing outlets especially just prior to the time of marketing.

When market outlets were fewer, the choice was easier. The forces of competition do tend to keep prices uniform, although they do not always do so. Occasionally wide differences exist in the prices paid in market outlets quite close to each other due to a lack of supplies or a glut in the market.

In many instances the producer gets higher prices by watching the market outlets more closely, by comparing the advantages of one market over the other and, in general, approaching the sale of his livestock in a more thorough manner than was necessary in the past when fewer market outlets were available to him.

Years ago, large terminal markets unquestionably set the price pace for most of the country and price trends at major terminals are still of national interest. However, as much of the meat packing industry decentralized and as plants were established in and near producing areas, the marketing situation changed.

Many livestock producers diligently follow the market trends at all outlets available to them. Producers who do watch the markets closely find they will usually be well paid for time spent inquiring, comparing, and analyzing the best time and place to ship.

Checking and analyzing the markets is a little extra work, but in most instances the extra effort pays off in more profit.

A handy little leaflet on livestock market news is available. If you'd like to have it, drop us a card and we'll send you a free copy. Our address: The Agricultural Situation, Marketing Information Division, AMS, USDA, Washington 25, D.C.

A. B. Smeby
Livestock Division, AMS



FEED GRAIN EXPORTS RISE TO A RECORD LEVEL

Foreign trade has now become an important outlet for our four feed grains—corn, oats, barley, and sorghum grain. Exports of these grains are expected to total around 13 million tons during the current marketing year. This would amount to over 8 percent of total disappearance and a little above the record level in 1958-59.

The sharp rise in feed grain exports has developed since World War II. From 1926 through 1945, exports averaged only 1.2 million tons, approaching 5 million tons in only 1 year (1937-38) and falling below 1.0 million tons in 12 of the 20 years. Exports were only about 1.5 percent of production during that period.

In the 10 years following World War II (1946-55), exports increased to an average of about 5 million tons, a little over 4 percent of the average production. During the 1958-59 marketing year exports reached a record 12.5 million tons, nearly 8 percent of the 1958 crop.

The 12.5 million tons of feed grains exported in 1958-59 nearly equaled the 12.9 million tons used in this country for food, industrial purposes and seed. Exports may exceed these other nonfeed uses this year for the first time in more than 50 years.

The total nonfeed uses (including exports) of feed grains are taking a larger share of our total feed grain consumption than they did in prewar years. In 1958-59 over 25 million tons went into these uses, accounting for 17 percent of total disappearance. In most of the years from 1926-40 they totaled only about 10 million tons, or 12 percent of the total disappearance.

Corn

While our exports of each of the four feed grains have increased sharply since prewar years, exports of corn have increased at a slower pace than the other grains. Corn made up 87 percent of the feed grain exports in 1937-41, but was only about half of the total in 1954-58.

Exports of sorghum grain were insignificant in most prewar years. But with the sharp increase in production, especially in areas near the Gulf ports, exports have become an important outlet. They accounted for over a fifth of the total sorghum grain disappearance in 1954-58 and were nearly a fifth of the total feed grain exports. Exports of oats and barley also increased, though exports of oats are of minor importance compared with domestic use.

Big feed grain crops in this country and expanding demand abroad have both contributed to the rise in our exports of feed grains. Surplus feed grain production has been accompanied by special programs to promote exports. A major share of the exports in recent years has moved through the payment-in-kind program or directly from Government stocks under P.L. 480, barter arrangements or other export programs.

Foreign Requirements

Big feed grain crops in the United States have been accompanied by increased feed grain requirements abroad. In postwar years, there has been a rapid expansion in the demand for feed grains in Western Europe—the destination of three-fourths of our total exports in 1958-59.

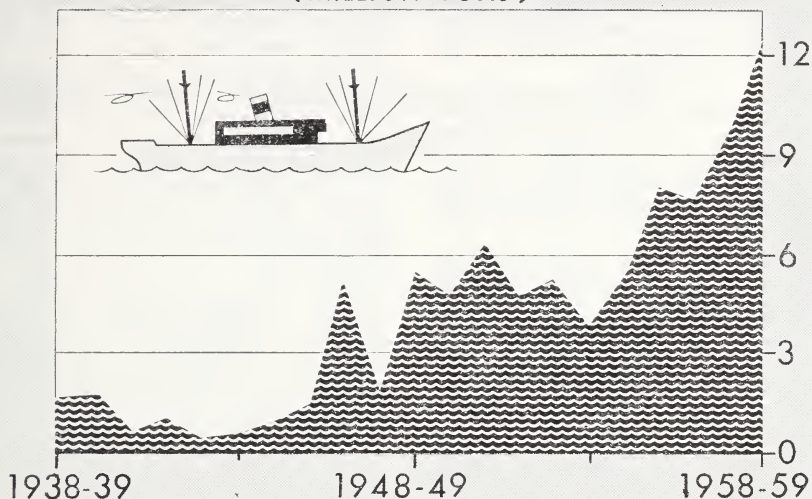
Rising income in Western European countries has increased the demand for livestock and livestock products and, in turn, increased feed grain requirements.

Other countries also have increased their exports of feed grains, but the United States has materially increased its share of the total world trade. World trade in feed grains totaled 15 million tons in 1951-55, a third of which came from the United States. The United States accounted for over half of the world total of nearly 25 million tons in 1958-59.

While exports of feed grains continue to be relatively small compared with total disappearance, they are increasingly important as an outlet for

FEED GRAIN EXPORTS HAVE BEEN RISING

(MILLION TONS)



our surplus production. During the 7 years from 1952 to 1959 48 million tons were added to our total carryover stocks of feed grains, as they rose from 20 million to 68 million tons. This was an average increase of close to 7 million tons per year.

In this same period, 53 million tons of feed grains were exported, or, an annual average rate of about 7.6 million tons. These comparisons indicate that without the rise in exports, the buildup in stocks would have been substantially greater.

While most countries rely heavily on domestically produced crops for their feed requirements, the United States is a major source of feed grains for some countries. The Food and Agriculture Organization of the United Nations recently compiled information on feed grain consumption for a number of countries for the 3 years 1955-57. Of the total feed grain consumed in the Netherlands in those 3 years about 41 percent of the total was imported from

the United States, and for Norway about 22 percent.

The United Kingdom, the leading outlet for United States grain, imported 18 percent of its total requirements from the United States during the 3 years. Austria obtained about 15 percent of its feed grains from the United States, Switzerland 10 percent and West Germany 7 percent. Many of these countries rely largely on us for corn and sorghum grain, but they produce oats and barley or import these grains from other countries.

Shipments of feed grains from the United States to a number of these countries increased substantially from 1957-58 to 1958-59. While domestic disappearance was not reported for 1958-59, these larger imports would indicate that we supplied an even larger percentage of the total requirements for many of the European countries in 1958-59 than during the 3 preceding years.

Malcolm Clough
Agricultural Economics Division, AMS

EXPORTS OF INEDIBLE TALLOW AND GREASE ARE GAINING IMPORTANCE

We're producing more inedible tallow and grease in this country than we ever did before. In the past 2 decades, production has climbed from about 1.1 billion pounds to 3.3 billion.

The rendering and the meat packing industries are the principal producers of inedible tallow and grease. Inedible tallow is mainly a byproduct of cattle slaughter; and inedible grease of hog slaughter.

For years most of our inedible tallow and grease went into soap, but the marketing pattern for these products has been radically altered in recent years. The rise in the use of detergents, combined with greatly increased tallow production, has channeled more tallow into export channels.

Output of inedible tallow and grease in 1960 is forecast at a record 3,450 million pounds, about 6 percent more than last year. The prospective increase in cattle slaughter will outweigh the effects of a drop in hog slaughter. In 1959, we produced about half of the world's tallow and greases and accounted for about two-thirds of the world trade.

This year we'll probably use about 1.8 billion pounds of inedible tallow and greases in this country—about the same as in the past 3 years.

Consumption in soap has dropped from the postwar peak of 1.5 billion pounds in 1947 to 0.7 billion pounds in 1959.

The sharp drop in tallow used in soap has been offset by expanding use in other products such as animal feeds and fatty acids. Inedible tallow and greases are also used in plastics, nylon, synthetic detergents, and synthetic rubber—often in the form of fatty acids derived from fat splitting.

Nevertheless, soap is still by far the major domestic outlet. In 1959, use in soap accounted for 41 percent of the total domestic consumption, use in animal feeds 25 percent, use in fatty acids 21 percent, and all other uses about 13 percent. These consumption trends are expected to continue in 1960.

Exports started displacing soap as the largest single outlet for inedible tallow and greases in 1953. In 1959 exports comprised 45 percent of the total disappearance of these fats compared with 23 percent in 1950 and a mere 4 percent in 1947. Not only are these fats among the lowest priced in world trade, but exports from other countries are limited and world demand is strong because of the economic recovery that has taken place in many countries.

Our exports of inedible tallow and greases in 1959 totaled 1.5 billion pounds, 31 percent more than the previous year. Shipments to most major destinations increased sharply. Italy, the Netherlands, and Japan provide our major tallow markets. Lower prices and availability of record supplies in 1960 improves our competitive position in the world tallow market and exports are expected to climb to a record 1.6 billion pounds, about 10 percent more than in 1959.

Prices of prime inedible tallow in tank cars at Chicago averaged 6.5 cents a pound in 1959 compared with 7.5 cents in 1958. Demand was strong during 1959, but output was up much more than domestic and foreign markets could absorb, so stocks increased. Prices in January-February 1960 averaged 5.3 cents a pound compared with 7 cents the same two months in 1959.

The price outlook for the rest of 1960 indicates a relatively low level of inedible tallow prices since the cattle slaughter cycle is now on the upswing and tallow stocks are large. The tallow industry likely will be plagued with low prices for a prolonged period and no real relief is probable until livestock slaughter turns downward again.

At any rate, lower prices this year will improve our competitive position in world markets. If it were not for the expectation of record exports, tallow prices would be under even more pressure, as little change is in prospect for domestic consumption.

George W. Kromer
Agricultural Economics Division, AMS



TOBACCO—A CHANGING PICTURE

There is a saying that nothing is constant except change—another way of saying that change is the rule of life. Few commodities illustrate this rule as strikingly as tobacco. The changes that have taken place in the manufacture and consumption of tobacco products have had far-reaching effects on our tobacco growers. The changes still going on are bound to have further effects. What are these changes, and how do they affect tobacco farmers?

They can be grouped under two headings: Long-term trends in consumption, and recent changes in manufacturing processes.

Consumption Trends

Long-term trends in tobacco consumption are familiar to many of us. The tremendous increase in cigarette use in this country has been the outstanding feature. In 1959, over 460 billion cigarettes were purchased by U.S. smokers, more than 10 times as many as 40 years ago.

Of course, part of this increase was due to population growth, but even on a per person basis (considering persons 15 years old and over) cigarette use last year was 6 times as large as 40 years ago. Cigarettes made up over four-fifths of per capita consumption of all tobacco products in 1959.

The increase in use of cigarettes was accompanied by a decline in consumption of other tobacco products. In 1959, about 67 million pounds of chewing tobacco and about 73 million pounds of smoking tobacco (for pipes and roll-your-own cigarettes) were consumed. Forty years ago 223 million pounds of chewing tobacco and 141 million pounds of smoking tobacco were consumed.

Use of cigars in 1920 totaled about 8½ billion or 117 per person (15 years old and over). In 1959, despite increased consumption evidenced in the last few years, approximately 7 billion were bought by U.S. smokers, or about 57 per person. Total consumption of snuff, ordinarily relatively stable, has been dropping in recent years.

These shifts have altered the domestic market for tobacco. Similar changes have occurred in our markets abroad. In foreign countries, there has been a trend away from snuff, chewing tobacco, and dark, heavy smoking tobacco to cigarettes. The net result has been increased demand for the light cigarette tobaccos and lower demand for the dark air-cured and fire-cured tobaccos.

Adjustments have taken place in our leaf output to meet these trends. Production of cigarette tobaccos, mainly flue-cured and burley, has increased considerably in the past 40 years. The increase in burley use for cigarettes has more than made up for the decline in use of burley in smoking and chewing tobacco.

The persistent downtrend in chewing tobacco, along with lower export demand, has reduced production of dark air-cured tobacco. Last year, production of these types, grown in Kentucky, Tennessee, and Virginia, amounted to 22 million pounds, only a fifth as much as in 1920.

Fire-Cured Drops

There was an equally sharp decline in production of the fire-cured types, largely reflecting reduced export demand. At one time, from 150 million to 175 million pounds of fire-cured tobacco were exported from the United

TOBACCO—Continued

States; last marketing year we exported about 25 million.

Although in the U.S. fire-cured types are mainly used in snuff, in foreign countries they are also used in smoking tobacco, chewing tobacco, and certain types of cigars.

Use of domestically produced cigar tobaccos in recent years has also been considerably below the level of 40 years ago, except for shade-grown wrapper. Production of these types, grown in the Connecticut Valley and the Georgia-Florida region, was expanded to replace wrapper formerly imported from the Netherlands Indies (now Indonesia).

Most of the long-term trends in tobacco consumption will probably continue, but there has been a turn-around in cigar consumption. In recent years, consumption of this product has been gaining. The increase has been partly due to the greater popularity of cigarillos (much smaller than regular-size cigars) and additional advertising by the industry to attract more smokers.

Consumption of cigarettes and cigars will probably increase in the years ahead. By 1965, it is estimated that cigarette consumption will be up about 18 percent, and of cigars, by at least 10 percent over 1959 levels.

Manufacturing Changes

This does not mean, however, that the farm-sales weight leaf requirement for cigarettes and cigars will necessarily increase by 18 percent and 10 percent, respectively, by 1965. Sweeping changes in cigarette and cigar manufacturing have occurred within the last 5 years. The changes have increased the number of cigarettes and cigars that can be obtained from a pound of farm-sales weight tobacco.

For example, most of us know about the "filter-tip revolution" in cigarettes. Filter-tips have gained enormously in popularity, and last year, about 49 percent of all cigarettes produced were filter-tipped, compared with 9 percent 5 years ago. When space in a cigarette is occupied by a filter-plug, the space that must be filled with tobacco is reduced.

It is true that sales of "king-size" all-tobacco cigarettes are substantial.

But they are still less than the peak levels of 5 and 6 years ago.

Manufacturers are also making more complete use of the tobacco leaf itself by using processed sheet—made of broken leaf fragments, fine tobacco particles, and stems (midribs)—and additional stems. Furthermore, reductions have been made in the sizes of some cigarettes, particularly those that are packaged in hard boxes.

With all these changes manufacturers are now getting 17 percent more cigarettes per pound of domestic tobacco (farm-sales weight basis) than they did 5 years ago. If the changes had not occurred, it is estimated that an additional 175 million pounds of domestic tobacco would have been used in the year ended June 30, 1959.

Similar changes have taken place in the cigar industry. An increasing percentage of total production consists of cigarillos. They weigh less than half as much as regular cigars.

Processed Binders

Nearly all cigarillos and the great bulk of cigars are now produced with processed sheet binder, in place of natural leaf binder. This change has had its greatest impact on growers in the Connecticut Valley. They formerly furnished two-thirds of the natural binders used by the cigar industry. Domestic use of Connecticut Valley binder in the marketing year 1958-59 was only three-fifths as much as a year earlier and only around a third as much as 5 years earlier.

It is difficult to say how much additional impact technological changes in the cigarette and cigar industries will have. But we can be sure of one thing—manufacturers will continue to strive for added efficiency in utilizing the tobacco they buy.

S. M. Sackrin
Agricultural Economics Division, AMS

THE FARMER'S SHARE

The farmer's share of the consumer's food dollar was 37 cents in December, the same as in November. In December 1958 the farmer's share was 39 cents.

WHAT ARE FARMERS INTENDING TO PLANT IN 1960?

You probably have the answer now. The Crop Reporting Board releases the report on 1960 "Prospective Plantings" on March 18. You might know it as the "March Intentions" report. Anyway, the report shows what farmers plan to plant in 1960, and covers 16 principal spring-sown crops that account for 75 to 80 percent of all crops grown in this country.

The report shows how many acres farmers intended to plant to corn, spring wheat, oats, barley, flaxseed, rice, sorghum, potatoes, sweet potatoes, tobacco, dry beans and peas, soybeans, peanuts, sugar beets, and hay to be cut.

The 1960 intentions report will be unusually interesting and vital to every farmer in the Nation. Why? Because crop production in 1959 equaled the previous record established in 1958. The huge 1959 output was due largely to big yield outturns per acre, since the acreage harvested last year was only slightly more than in 1958. The 80,000 farmers who received and filled out questionnaires (around March 1) probably kept the big 1959 production in mind when they reported their intentions for 1960.

In analyzing reports from farmers the Crop Reporting Board had to take into consideration the possible effects of various farm programs—like the acreage allotment and marketing quota programs for wheat, tobacco, cotton, rice, peanuts, and sugar beets. They also considered the effects of the Conservation Reserve program which has now retired something like 28 million acres of land.

Last year's prices, current stocks of commodities on farms and in off-farm positions—information which is made available by the Crop Reporting Board—will also have some effect on the farmer's plans for 1960.

The report is issued early enough so that you can change your own plans, if after studying all the facts, you think it wise to do so.

The intentions report is just what the name implies—a view of the com-

bined plans of farmers in all States. Those farmers who fill out the questionnaires may also change their planting plans when they read the report.

Many things affect farmers' plans, some of which are beyond their control. Such things as current price levels, labor supplies, financial possibilities, changes in agricultural programs, and, of course, the greatest question of all—the weather, must be considered. One or more of these conditions may force you to change your plans, even though you may not think it wise to do so.

Is the intentions report a good indication of the general trend in crop acreages? History shows that over the past 10-year period the report has been an excellent indicator of the general trend in crop acreage. For most of the crops the intended acreages have averaged within 2 or 3 percent of the acreage actually planted.

In the age in which we live all of us want to look as far into the future as possible before making decisions of any consequence. So this March intentions report provides you, the farmer, with aids in looking at the future with more assurance.

If you received the questionnaire, you will get a copy of the Intentions Report. If you did not get a questionnaire, and you want a copy of the report, free of charge, just write to your State agricultural statistician. Whatever your plans are for 1960 the Crop Reporting Board wishes you good luck.

Charles E. Burkhead
Agricultural Estimates Division, AMS



higher rate of slaughter of heifers and cows would probably mean somewhat lower prices but would modify the threat of serious overexpansion later.

Hogs

Hog numbers increased 3 percent during the past year, to the largest January 1 number since 1952. The present inventory at 58.5 million head is well below the all time peak of 83.7 million on January 1, 1944, and has been exceeded in 9 out of the past 20 years.

A look at present inventories by classes reveals that the number of pigs under 6 months old was up 3 percent from a year earlier in line with the large 1959 fall crop. The number of sows and gilts was down 11 percent, reflecting farmers' intended decrease in 1960 spring farrowings.

Compared with a year earlier, hog numbers increased in all regions of the country. The largest percentage increases occurred in States outside the Corn Belt, with the largest increase—11 percent—in the South Central States. In the North Central States, which account for about 73 percent of the U.S. total, hog numbers were up only 1 percent with increases in some States more than offsetting decreases in others.

The larger number of pigs and market hogs over 6 months old means greater slaughter supplies during the early part of this year. The reduction in sows and gilts of breeding age will mean a smaller spring pig crop for market this summer and fall. Hence, by mid-year hog slaughter will probably be below that of a year earlier and continue so the rest of the year.

Hog prices will likely continue near present levels until the bulk of the larger inventories are marketed. After that—sometime around mid-spring—prices will advance seasonally and will climb above 1959 prices. Prices this summer should be significantly above the depressed prices of last summer, and during the seasonal decline next fall prices will continue above last fall.

The total number of sheep and lambs on farms and ranches increased 2 percent during 1959 to total 33.6 million head on January 1, 1960. This is the largest inventory since January 1, 1948, but less than any year from 1948 back to 1867, the first year of record.

Approximately 4.1 million head, of the total sheep inventory, were sheep and lambs on feed for market. The number on feed was down 7 percent from a year earlier, but was slightly more than the 10-year average. Stock sheep numbers were up 3 percent.

For the 35 native sheep States combined, stock sheep numbers declined 1 percent during the past year. This decline follows 5 consecutive years of increases. Numbers in the Western States (including Texas and South Dakota) increased 6 percent during the year, the third consecutive year with an increase. The sharpest increase occurred in Texas, the leading sheep State where numbers rose 12 percent.

January 1 inventory numbers of sheep and lambs do not indicate probable future trends as clearly as do cattle and calf numbers.

Assuming that about the same proportion of lambs, will be marketed this winter and spring as last, and considering the reduced number of sheep and lambs on feed, it appears that sheep and lamb slaughter during the next few months will be below a year earlier. The larger breeding flock should result in a corresponding gain in the 1960 lamb crop.

Prices of lambs have made some recovery from late-1959 lows and currently are above prices a year ago. Some further increase is likely to a seasonal high sometime this spring. Prices probably will trend seasonally downward during the rest of the year and for 1960 will likely average close to 1959 prices.

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"Bert" Newell's

Letter

Recently, some good friends of mine told me that there appears to be some misunderstanding about how we make the estimates of production, forecasts of probable production, or arrive at an average price. They said that some people, who really ought to know better, seem to think that we assemble a lot of figures, and then a few of us get together in a rump session, shut our eyes, rear back, and burst out with a crop report, or price report, or whatever. Some, they say, intimated that the reports were made to fit the particular mood we happen to be in at the time, or to conform with current policies or programs. Of course, you know I am going to say "taint so," and you are right. Nothing could be farther from the truth.

To begin with, let's look at this "program or policy influence" on crop reports. I have been around this Crop and Livestock Estimating Service and the Crop Reporting Board for nearly 34 years. That has covered a lot of different administrations, and I can say truthfully that in all that time I have never known a responsible administrator, from the Secretary on down, who has tried to influence a report issued by the Crop Reporting Board in any way whatsoever. Oh, there are many times our findings don't fit a particular situation but to try to "jimmy" a report to fit somebody's idea—that's downright ridiculous. Look at the record.

There is an old saying that it's a lot more difficult to be a consistent liar than to tell the truth. A thumbnail sketch on how a crop, livestock, or price report is put together should make the truth of that saying quite evident.

At present, there are 41 State or regional offices that cover the entire continental United States. Each of these offices obtains its information from farmers, dealers, handlers, mills and elevators, storekeepers, and all sorts of people who are close to and have knowledge of the subject dealt

with in a particular report. Most of the information is collected by mail, but this is supplemented with actual field observations; measurements or counts in sample fields, latest weather information; records of receipts, sales, and prices obtained through the far-flung market news service of the Agricultural Marketing Service and a vast amount of information available through other governmental agencies, and—well, any source that we can find that might have a bearing on a particular estimate.

Each State statistician must analyze all of the information pertinent to a particular report, and forward his recommendations to the Crop Reporting Board in Washington. With his recommendations, however, he must also submit the detailed information on which he bases his conclusions. When this information reaches the Board in Washington, the recommendations and data for each State are again analyzed by several experienced statisticians. For example, in a typical wheat report six statisticians (three must be supervisory State statisticians) constitute the Board. Each working independently analyzes each report submitted by the States. If there are inconsistencies apparent between States, the Board member goes back to the original information and compares figures for adjacent districts within and between States. Each Board member's final estimate, along with the recommendation of the State statistician, is then placed on a Board sheet.

The Board meets, and the Chairman after going over the various figures announces his conclusion for each State. If there is disagreement, and at times there is, the entire Board again reviews and discusses the particular problem until a conclusion is reached.

In this space I can't go into all the details of charts, historical records, and all other devices used in arriving at the estimate. It must be evident, though, that no one—including the Chairman of the Board—would have the slightest chance if he even tried to bias a report. In our business, it is a lot simpler to tell the truth. "All we want are the facts, ma'am."

A. B. Newell

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